

Message Text

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ORIGIN ARA-14

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TO AMEMBASSY SAN SALVADOR PRIORITY

C O N F I D E N T I A L STATE 198064

E.O. 11652: GDS

TAGS: PBOR, ETRD, SHUM, ES, US

SUBJECT: LOANS FOR EL SALVADOR

REF: STATE 192141

1. BEGIN SUMMARY. IN ACCORDANCE WITH DECISIONS REACHED AT THE LAST SESSION OF THE INTERAGENCY GROUP ON HUMAN RIGHTS AND FOREIGN ASSISTANCE, ARA OFFICIALS ACTING DEPUTY ASSISTANT SECRETARY, FRANK DEVINE AND COUNTRY OFFICER HICKS MET WITH AMBASSADOR BERTRAND GALINDO. THE DISCUSSION FOCUSED UPON HUMAN RIGHTS AND TWO SPECIFIC LOANS: A 3 MILLION DOLLAR AID EDUCATION AND SKILLS TRAINING LOAN AND THE STATUS OF THE 90 MILLION DOLLAR IDB LOAN FOR SAN LORENZO PROJECT. EMPHASIS WAS PLACED UPON THE IMPORTANCE OF DEMONSTRATING A CONTINUING TREND OF IMPROVEMENT IN THE HUMAN RIGHTS ENVIRONMENT IN EL SALVADOR. END SUMMARY.

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2. THE DISCUSSION BEGAN WITH A DEPICTION OF THE FUNCTION OF THE CHRISTOPHER GROUP TO DETERMINE USG POSITION ON PROSPECTIVE FOREIGN ASSISTANCE ACCORDING TO HUMAN RIGHTS ASSESSMENT. DEVINE INFORMED BERTRAND THAT A PENDING 3 MILLION DOLLAR AID EDUCATION AND SKILLS TRAINING LOAN, WITH A GRANT COMPONENT, HAD BEEN APPROVED BY THE INTER-AGENCY GROUP, EMPHASIZING THAT THE NORMAL ECONOMIC AND

TECHNICAL SCRUTINY OF THE LOAN STILL MUST BE UNDERGONE. HE OBSERVED THAT THE FAVORABLE POSITION ON THE AID LOAN REFLECTED A GENERAL RECOGNITION OF THE GROUP THAT THE GOES HAD TAKEN POSITIVE ACTION IN RECENT WEEKS WHICH WE HOPE WILL CONTINUE AND INCREASE IN THE FUTURE.

3. SINCE AMBASSADOR BERTRAND HAD INQUIRED ABOUT THE TIMING AND NECESSARY CONDITIONS FOR THE USG TO ALTER ITS OPPOSITION TO THE 90 MILLION DOLLAR IDB LOAN FOR SAN LORENZO (REFTEL, PARA 3) DEVINE ADDRESSED THAT SUBJECT AS WELL. BRIEFLY RECAPITULATING BENCHMARK ACTIONS IN PAST MONTHS, DEVINE CITED OUR MAY NOTIFICATION TO GOES THAT THE USG WOULD HAVE DIFFICULTY SUPPORTING THE SAN LORENZO LOAN IN LIGHT OF HUMAN RIGHTS CONDITIONS IN EL SALVADOR AT THAT TIME. HE CONTINUED BY NOTING OUR SUBSEQUENT APPROVAL OF A URBAN DEVELOPMENT LOAN WHICH WAS SMALLER (12.7 MILLION DOLLAR) AND CLEARLY FOR THE BENEFIT OF THE "NEEDY." NOW DEVINE REMARKED THERE HAVE BEEN SOME CONSTRUCTIVE GOES MEASURES RELATED TO HUMAN RIGHTS CONCERNS AND THE INTERAGENCY GROUP HAS AGREED TO REVIEW THE SAN LORENZO CASE, GIVEN SOME CHANGES IN THE SALVADORAN SETTING. HOWEVER, HE STRESSED, SUCH A REVIEW DOES NOT NECESSARILY ENTAIL ANY COMMITMENT TO CHANGE THE USG POSITION ON THE LOAN.

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4. IN THAT REGARD, DEVINE SAID, IT WOULD BE HELPFUL IF THE GOES COULD MAKE KNOWN TO THE DEPARTMENT ANY POSITIVE PERTINENT ACTIONS OR DEVELOPMENTS OF WHICH WE MAY NOT BE AWARE, ALTHOUGH THE EMBASSY HAS BEEN QUITE THOROUGH IN KEEPING US INFORMED. OR, HE SUGGESTED, IF THERE ARE PLANS OR NEW STEPS ON THE VERGE OF BEING TAKEN WHICH WOULD CONTRIBUTE TO FURTHER AMELIORATION OF THE HUMAN RIGHTS SITUATION IN EL SALVADOR, WE WOULD APPRECIATE BEING APPRISED OF THOSE INTENTIONS OR, BETTER YET, ACTUALLY HAVING THOSE PLANS ACTUATED. HICKS SUGGESTED ACCEPTANCE OF AN INTERNATIONAL GROUP VISIT TO WITNESS EL SALVADOR'S SITUATION FIRSTHAND, OR RELEASE OF POLITICAL PRISONERS (AS WAS THE CASE WITH DR. ALFREDO CASTRO QUEZADA) WOULD SIGNAL GOES POLICY IN QUITE CONCRETE TERMS. DEVINE CONCLUDED BY STATING THAT THE ESSENTIAL AIM IS TO BE ABLE TO ESTABLISH A CONTINUING TREND OF ENCOURAGING STEPS WHICH TO-DATE ARE PRIMARILY INCIPIENT.

5. FYI: PRIOR TO THIS MEETING BERTRAND MET BRIEFLY WITH HUMAN RIGHTS COORDINATOR PATRICIA DERIAN FOR HER IMPRESSIONS FROM HER RECENT VISIT TO EL SALVADOR. SHE

SPOKE OF THE ENCOURAGING BUT PRELIMINARY NATURE OF GOES
ACTIONS, WHILE PROMISING TO CALL ATTENTION TO THE RECENT
CHANGES IN EL SALVADOR AT THE NEXT INTERAGENCY GROUP
SESSION. VANCE

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